



STATE OF TENNESSEE  
**STATE WORKFORCE DEVELOPMENT BOARD**  
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**Workforce Services Policy – Title I Formula Allocation Methodology**

**Effective Date:** February 21, 2020

**Duration:** Automatic Annual Renewal

**Purpose:**

Methods and factors used to distribute Workforce Innovation and Opportunity Act (WIOA) funds to Local Workforce Development Areas.

**Scope:**

Office of the Governor, Tennessee Department of Labor and Workforce Development (TDLWD); Division of Workforce Services (WFS); Tennessee Department of Economic and Community Development (ECD); Tennessee Department of Education (TNED); Tennessee Department of Human Services (DHS); State Workforce Development Board (SWDB); **Title I** – Adult, Dislocated Worker, and Youth Programs, **Title II** – Adult Education and Family Literacy Act Program(AE); **Title III** – Wagner-Peyser Act Program (WP); **Title IV** – Vocational Rehabilitation Program (VR); Regional Planning Council (RPC); Local Workforce Development Boards (LWDB); Local Workforce Development Areas (LWDA); American Job Center (AJC); One-Stop Operator (Operator); Workforce System Sub-Recipients (Sub-Recipients); Workforce System Partners (Partners).

**Background:**

WIOA requires the Governor of a state to distribute employment and training formula funds to the Chief Local Elected Official (CLEO), who has responsibility for oversight and management of WIOA funds. The procedures below define how the Tennessee Department of Labor and Workforce Development (TDLWD) distributes formula funds to each Local Workforce Development Area (LWDA). Furthermore, this provides guidance and encouragement to those CLEOs and Local Workforce Development Boards (LWDBs) choosing to equitably distribute funds to counties within a LWDA.

**I. Distribution of Formula Funds:**

The TDLWD receives funding for the three (3) WIOA programs (Adult, Dislocated Worker, and Youth) from the U.S. Department of Labor. The Secretary of Labor distributes these funds based on a set of

factors for each of these funding streams. The TDLWD uses the same methodology as the Secretary of Labor to distribute funds to Local Workforce Development Areas (LWDAs). TDLWD must distribute WIOA Youth, Adult and Dislocated Worker (DW) activities funds among LWDAs (subject to reservation of the fifteen percent [15%] limitation for statewide workforce employment and training activities)<sup>1</sup>.

Sub-state allocations must be made available to LWDAs no later than thirty (30) calendar days after the date funds are made available to the TDLWD or 7 calendar days after the date the Local Plan for the area is approved<sup>2</sup>.

States must utilize a minimum percentage (otherwise known as a 'stop loss') to ensure that no LWDA receives an allocation percentage that is less than ninety percent (90%) of the average allocation percentage received by the LWDA for the previous two (2) years. An allocation percentage is the LWDA's share, or percentage, of funds allocated to all LWDAs. States must **not** use ninety percent (90%) of the average amount allocated to the LWDA for the last two (2) years. States must obtain amounts necessary to increase allocations to LWDAs to comply with the minimum percentage requirement by proportionately reducing the allocations to be made to other LWDAs.

## **II. Youth Funds:**

In allocating Youth activities funds to LWDAs, TDLWD may use either the allocation formula described in WIOA Section 128(b)(2) or the discretionary allocation formula in WIOA Section 128(b)(3).

### **A. Allocation Formula:**

Thirty-three and one-third percent (33 1/3%) of the total funds available for local allocations are allocated based on each LWDA's relative share of each data factor listed below:

1. The relative number of unemployed individuals in Areas of Substantial Unemployment (ASUs) in each LWDA, compared to the total number of unemployed individuals in ASUs in all LWDAs in the state.
2. The relative excess number of unemployed individuals in each LWDA, compared to the total excess number of unemployed individuals in all LWDAs in the state. See the definition of "excess number" below, which requires a comparison of the excess unemployed in ASUs with excess unemployed in all LWDAs.
3. The relative number of disadvantaged youth (age 16 to 21, excluding college students not in the workforce and military), in each LWDA, compared to the total number of disadvantaged youth in all LWDAs in the state. The number of disadvantaged youth comes from special tabulations of data from the ACS prepared in accordance with the definition provided in WIOA.

## **III. Adult Funds:**

In allocating Adult Activities funds to LWDAs, TDLWD may use either the allocation formula described in WIOA Section 133(b)(2)(A) or the discretionary allocation formula in WIOA Section 133(b)(3).

### **A. Allocation Formula:**

The adult formula allocations are based on the same factors used in youth formula allocations

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<sup>1</sup> WIOA Sections 128 and 133

<sup>2</sup> WIOA Section 182(e)

except for disadvantaged adults age 22 to 72.

#### **IV. Dislocated Workers:**

In allocating Dislocated Worker Activities funds to local areas, TDLWD will distribute Dislocated Worker Activities funds among local workforce areas (subject to the Governor's reservation of up to twenty five percent [25%] for statewide Rapid Response activities)<sup>3</sup>.

##### **A. Allocation Formula:**

Under WIOA, the data factors that must be included are:

- Insured unemployment data;
- Unemployment concentrations;
- Plant closure and mass layoff data;
- Declining industries data;
- Farmer-rancher economic hardship data; and
- Long-term unemployment data.

The farmer-rancher economic hardship data factor is based on the designation of Significant Migrant Seasonal Farm Worker (MSFW) State, Significant MSFW One-Stop Center (now branded as American Job Centers), and Significant Multilingual MSFW One-Stop Centers, in accordance with the number of MSFWs who participate or are estimated to be available to participate in the employment services provided in those states and through those One-Stop Centers<sup>4</sup>. As Tennessee's number of MSFW participants fall well below the participant threshold for either of the aforementioned Significant MSFW designation, TDLWD assigns a weight of zero (0) to the "farmer-rancher economic hardship data" factor.

WIOA Title I formula allotment methodologies and/or weights will be reviewed before communicating the coming program year local area allotments. Subsequently, a recommendation will be prepared as an agenda item at a regularly scheduled or special State Workforce Development Board (SWDB) meeting for review and approval of proposed allotment methodologies and/or weights. If the proposed allotment and/or weights are not adopted by the SWDB, the preceding program year methodologies and/or weights will remain in effect.

In response to an emergency or disaster (i.e. large, unexpected layoff event causing significant job losses) TDLWD's Assistant Commissioner of Workforce Services shall have discretionary Authority, with the written approval of the TDLWD Commissioner, to propose and adjust allotment methodologies and/or weights to remedy such emergent activities.

#### **Attachments:**

Attachment I – Sub-State Allocation Formulas and Definitions

Attachment II – Youth and Adult Sub-State Allocations

Attachment III – Sample Weight Adjustment by LWDA

#### **References:**

TEGL 16-18; TEGL 20-16; WIOA Section 128; WIOA section 133; WIOA Section 182(e)

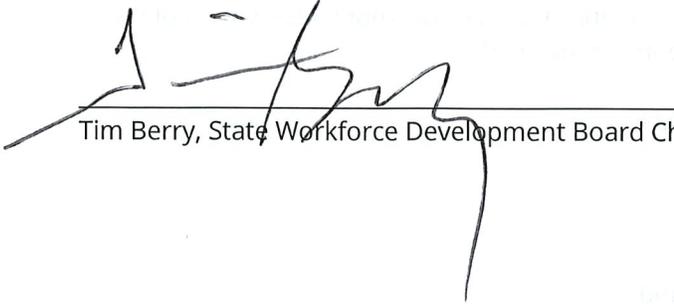
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<sup>3</sup> WIOA Section 133(a)(2)

<sup>4</sup> TEGL 20-16

**Contact:**

For any questions related to this policy, please contact the Program Integrity Unit at [Workforce.Board@tn.gov](mailto:Workforce.Board@tn.gov).



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Tim Berry, State Workforce Development Board Chair

U. S. Department of Labor  
Employment and Training Administration

**FOR USE IN SUB-STATE ALLOCATION FORMULAS**

**Workforce Innovation and Opportunity Act (WIOA) Statutory and Discretionary Formulas for Sub State Allocations**

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**Sub-State Allocations Statutory Formula Descriptions**

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**WIOA Youth Activities**

*Formula:*

1/3: Local area relative share of total unemployed in areas of substantial unemployment (ASU) (average 12 months ending 6/30)

1/3: Local area relative share of excess unemployed (average 12 months ending 6/30)

1/3: Local area relative share of disadvantaged youth (American Community Survey 2011-2015)

*Minimums:*

A local area may not receive an allocation percentage that is less than 90 percent of the average allocation percentage of the past 2 years

*Maximum:* Not allowed

**WIOA Adult Activities**

Same as Youth Activities, except

Formula uses disadvantaged ADULTS instead of YOUTH

**WIOA Dislocated Workers**

*Formula:*

Funds to local areas must be allocated based on a formula created by the Governor using the following 6 data factors:

- Insured unemployment data
- Unemployment concentrations
- Plant closing and mass layoff data
- Declining industries data
- Farmer-rancher economic hardship data
- Long-term unemployment data

The formula will use the most appropriate data available

Weighting a factor zero is not permitted unless a rationale is presented in an approved State Plan.

*Minimum:*

A local area may not receive an allocation percentage that is less than 90 percent of the average allocation percentage of the past 2 years.

*Maximum:* Not required, but allowed

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**Sub-State Allocations Discretionary Formula Descriptions for Youth and Adult Activities**

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**WIOA Youth Activities**

*Formula:*

No less than 70 percent of the funds will be distributed as stated in the statutory formula;

1/3: Local area relative share of total unemployed in areas of substantial unemployment (ASU) (average 12 months ending 6/30)

1/3: Local area relative share of excess unemployed (average 12 months ending 6/30)

1/3: Local area relative share of disadvantaged youth (American Community Survey 2011-2015)

No more than 30 percent of the remaining funds will be distributed using additional data related to **both**

- (1) Excess youth poverty in urban, rural, and suburban local areas; **and**
- (2) Excess unemployment above the State average in urban, rural, and suburban local areas

*Minimums:*

Statutory formula minimum must be applied to 70 percent or greater funds, or to the entire allocation.

*Maximum:* Not allowed

**WIOA Adult Activities**

Same as Youth Activities, except

Formula uses disadvantaged ADULTS instead of YOUTH **and** EXCESS POVERTY instead of excess YOUTH poverty

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**Formula Data Factor Definitions**

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**WIOA Youth and Adults Programs**

ASU: contiguous areas with unemployment rate of 6.5 percent or more

Excess unemployed: higher of:

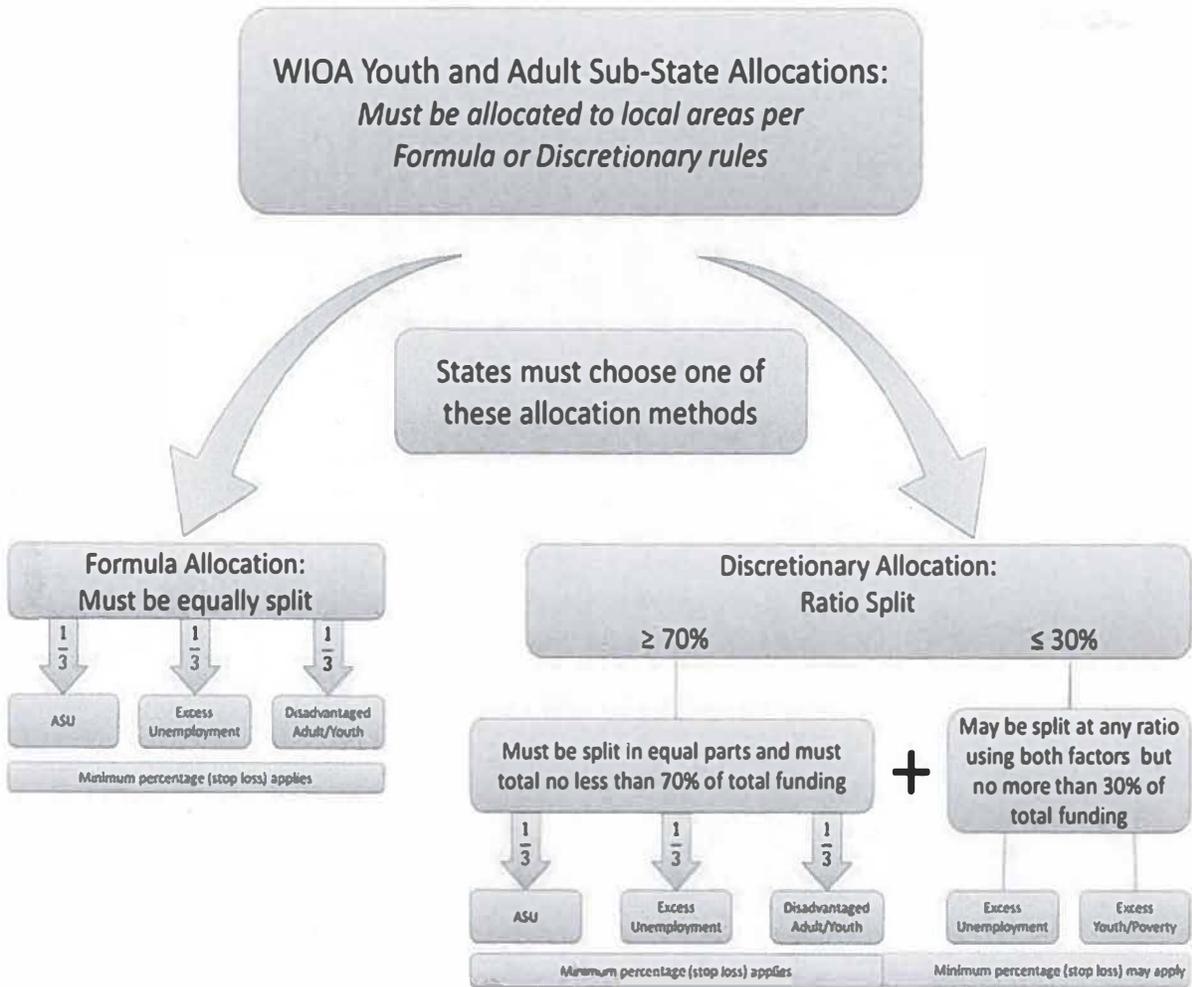
- (1) excess unemployed (unemployment in excess of 4.5 percent) in ASU's; or
- (2) excess unemployed (unemployment in excess of 4.5 percent) in all areas

Disadvantaged adults: individuals, age 22-72, meeting (or member of family meeting):

Census poverty level or 70 percent of lower living standard income level (LLSIL).

Disadvantaged youth: individuals, age 16-21, meeting (or member of family meeting):

Census poverty level or 70 percent of lower living standard income level (LLSIL).



**ATTACHMENT III - Sample Weight Adjustment by LWDA**

**Total Dislocated Worker Allocation           \$   13,629,757**

<b>Scenario 1</b>	<b>0.35</b>	<b>0.35</b>	<b>0.2</b>	<b>0.07</b>	<b>0.03</b>	
<b>Row Labels</b>	<b>Unemployed</b>	<b>UI Claimants</b>	<b>UI Long Term</b>	<b>Declining Industries</b>	<b>Plant Closure</b>	<b>LWDA Total</b>
LWDA ET	\$ 841,586	\$ 845,511	\$ 416,117	\$ 160,990	\$ 6,665	\$ 2,270,868
LWDA GM	\$ 881,579	\$ 1,054,538	\$ 676,594	\$ 188,583	\$ 119,794	\$ 2,921,089
LWDA NE	\$ 370,045	\$ 333,957	\$ 189,000	\$ 41,309	\$ 40,249	\$ 974,559
LWDA NM	\$ 1,236,926	\$ 1,053,074	\$ 616,399	\$ 383,944	\$ 115,293	\$ 3,405,636
LWDA NW	\$ 207,645	\$ 246,500	\$ 137,953	\$ 18,617	\$ 7,357	\$ 618,073
LWDA SE	\$ 483,123	\$ 464,988	\$ 265,356	\$ 76,909	\$ 53,925	\$ 1,344,300
LWDA SM	\$ 307,821	\$ 317,845	\$ 174,973	\$ 28,204	\$ 29,429	\$ 858,271
LWDA SW	\$ 201,828	\$ 231,609	\$ 135,880	\$ 24,846	\$ -	\$ 594,163
LWDA UC	\$ 239,862	\$ 222,394	\$ 113,680	\$ 30,681	\$ 36,181	\$ 642,797
<b>Grand Total</b>	<b>\$ 4,770,415</b>	<b>\$ 4,770,415</b>	<b>\$ 2,725,951</b>	<b>\$ 954,083</b>	<b>\$ 408,893</b>	<b>\$ 13,629,757</b>

	<b>10 Percent Decrease</b>			<b>10 Percent Increase</b>			
<b>Scenario 2</b>	<b>0.25</b>	<b>0.25</b>	<b>0.2</b>	<b>0.17</b>	<b>0.13</b>		
<b>Row Labels</b>	<b>Unemployed</b>	<b>UI Claimants</b>	<b>UI Long Term</b>	<b>Declining Industries</b>	<b>Plant Closure</b>	<b>LWDA Total</b>	<b>Inc/(Dec)</b>
LWDA ET	\$ 601,133	\$ 603,936	\$ 416,117	\$ 390,976	\$ 28,881	\$ 2,041,043	\$ (229,826)
LWDA GM	\$ 629,699	\$ 753,242	\$ 676,594	\$ 457,988	\$ 519,108	\$ 3,036,631	\$ 115,542
LWDA NE	\$ 264,318	\$ 238,540	\$ 189,000	\$ 100,322	\$ 174,411	\$ 966,591	\$ (7,968)
LWDA NM	\$ 883,518	\$ 752,196	\$ 616,399	\$ 932,435	\$ 499,604	\$ 3,684,152	\$ 278,516
LWDA NW	\$ 148,318	\$ 176,072	\$ 137,953	\$ 45,212	\$ 31,882	\$ 539,437	\$ (78,636)
LWDA SE	\$ 345,088	\$ 332,134	\$ 265,356	\$ 186,779	\$ 233,674	\$ 1,363,031	\$ 18,730
LWDA SM	\$ 219,872	\$ 227,032	\$ 174,973	\$ 68,494	\$ 127,527	\$ 817,898	\$ (40,374)
LWDA SW	\$ 144,163	\$ 165,435	\$ 135,880	\$ 60,341	\$ -	\$ 505,819	\$ (88,344)
LWDA UC	\$ 171,330	\$ 158,853	\$ 113,680	\$ 74,511	\$ 156,783	\$ 675,156	\$ 32,359
<b>Grand Total</b>	<b>\$ 3,407,439</b>	<b>\$ 3,407,439</b>	<b>\$ 2,725,951</b>	<b>\$ 2,317,059</b>	<b>\$ 1,771,868</b>	<b>\$ 13,629,757</b>	

**Column H indicates the change in allocations by LWDA resulting from adjusting weights Scenario 1 versus Scenario 2. Most significant swing East TN losses \$229,826 while Northern Middle gains \$278,516.**